

# 2 options, 15,000+ receivers, numerous benefits

Since the Check 21 Act took effect in 2004, the payments industry's dramatic transformation has spurred new check collection technologies, processing efficiencies and cost reductions.

The Federal Reserve Banks have supported this movement toward more efficient and cost effective check clearing alternatives by offering new electronic check presentment services and discontinuing certain legacy check services.

Financial institutions are responding to this industry shift by converting to Check 21-enabled services — in rapid numbers — in order to realize the many benefits of end-to-end electronic check processing.

### The shift to electronic presentment

As industry experience with Check 21-enabled services continues to grow, paper deposits continue to decline, thereby reducing infrastructure needs to process paper checks.

In response, the Reserve Banks announced in July 2007 sunset plans for legacy Payor Bank Services, several of which have already been discontinued. The remainder are due to be sunset over the next several months.

By 2010, financial institutions will have two electronic presentment options, neither of which will include paper to follow delivery:

- 1) **FedReceipt Plus Services** provide cost reductions and the ability to create your own substitute checks. It also enables you to receive all imageable items drawn on your institution in an Image Cash Letter (ICL) in lieu of a paper cash letter presentment. FedReceipt Plus offers the opportunity to reduce back-office costs, post items earlier, improve balance reporting and eliminate transportation delays. Optional services include:
  - Supplemental MICR only file
  - Premium Delivery
  - Courtesy Delivery
  - SDS Settlement and Adjustment
  - FedImage® Archive
  - Electronic Reject Repair
- 2) **Data Presentment Service with Archive**, which offers the MICR only file in x9.37-2003 format and FedImage Archive, enables you to store imaged items in the Federal Reserve Image Archive. Based on retention

requirements, you can choose from a variety of storage length options, retrieve images when needed and interface your institution's applications — such as electronic home banking — for seamless image retrievals. The SDS Settlement and Adjustment Service offers, on an optional basis, data-only delivery of items combined with image archiving. Presentment of SDS items occurs when they are delivered to the Federal Reserve Bank that has been designated as the payor bank's presentment point for SDS items, not when the data from the items is delivered to the payor bank.

### The benefits are many

We appreciate the opportunity to work together to create a more effective and efficient electronic check payments system. The broad network of electronic receivers continues to grow. Today, more than 15,000 RTNs have converted to the FedReceipt or FedReceipt Plus Services or the Data Presentment Service with Archive.

These institutions are taking advantage of the end-to-end electronic check processing benefits that include: operational efficiencies, reduced keying errors, fewer cash letter adjustments and reduced risk exposure. In many cases, they can also realize lower Federal Reserve Bank fees, while receiving better funds availability.

Institutions using the Data Presentment Service with Archive (in x9.37-2003 format) can benefit from an improved flow of information used to make cash management decisions, and potentially achieve more efficient accounting and processing functions, enhanced check fraud reduction efforts and increased revenues. By outsourcing archiving to the Federal Reserve, institutions can also reduce the time spent handling large image files and the cost of investing in image archive technology, while potentially saving on in-house processing and personnel time.

### Action required — respond today

Institutions still using legacy Payor Bank Services should migrate to Check 21-enabled presentment services as soon as possible. To get started, contact your account executive or visit the Payor Conversion Resource Center at [FRBservices.org/communications/payor\\_conversions.html](http://FRBservices.org/communications/payor_conversions.html). For detailed Check 21 information, visit [FRBservices.org/serviceofferings/check/check\\_21.html](http://FRBservices.org/serviceofferings/check/check_21.html).